

Can you  
remember  
when you  
lost your  
UK domicile  
status?



# Foresight

by Sterling Trust

The UK Domicile Test

Foresight UK Domicile Test © | 2018 Sterling Trust Limited  
Sterling Trust Limited is Licensed by the Isle of Man Financial  
Services Authority

**Sterling**   
TRUST LIMITED

# The UK Domicile Test as part of the Sterling Foresight strategy

The subject of Domicile Status is difficult to understand. Also there is a difference between residency and domicile and from a tax perspective this is important.

Regarding residency, as far as UK tax is concerned, this is actually reasonably simple to establish since the establishment of the statutory residence test (STR) in the Finance Act of 2013 – although your residency status can potentially change year on year .

As for domicile, when you are born, you are automatically assigned the same domicile as your father. This is what domicile of origin means. Unless there are exceptional circumstances, this won't change. Even, if you leave the UK to take up residence in another country for a considerable time and don't intend to return to the UK you may still remain UK domiciled according to HMRC.

**Simply put, a UK domicile of origin can not be lost merely by emigration.**

What's more, many people are unaware that, with a UK domicile in place regardless of how long you have been living outside the country, it is actually one's worldwide assets that fall under the remit of HMRC – not just those that are physically in the UK.

So, whether you like it or not, if you were born in the UK, then you can pretty much take it for granted that you will always be saddled with your UK domicile. Misunderstandings, complacency or ignorance are no defence against UK tax rules.

Given that it's harder than you realise to lose a UK domicile of origin, we'd certainly advise that, if you are intending to return to the UK, that any tax and estate planning should be formalised before you move back

Are you sure of your domicile status? Do you know which taxes might apply? How does this relate to income which may well have accrued over a lifetime? Does capital gains tax apply? Are you aware of probate fees? These are all key issues that should be considered.

There are strategies that non-UK residents can adopt before returning to the UK that we are happy to discuss with you, but first you need to establish your UK Domicile status.

With a clean bill of health, this could help prevent you or your loved ones from being exposed to an unexpected tax bill which HMRC will come calling for at some stage – most likely in the form of inheritance tax (IHT).

For more information please contact Andy Cowin, Business Development Manager at Sterling Trust Limited [andy@sterling.im](mailto:andy@sterling.im) or by calling 01624 611146.



+44 (0)1624 611146



[foresight@sterling.im](mailto:foresight@sterling.im)



[www.foresight.im](http://www.foresight.im)

Foresight UK Domicile Test © | 2018 Sterling Trust Limited

Sterling Trust Limited is Licensed by the Isle of Man Financial Services Authority

**Sterling**  
TRUST LIMITED 